CHAPTER - III

PROFILE OF THE LIC OF INDIA
CHAPTER-III
PROFILE OF LIFE INSURANCE CORPORATION OF INDIA

This chapter deals with the organizational framework, Management objectives, mission, goals, customer service, diversified activities etc.

Introduction

India is one of the country where the Life Insurance Business and other aspects of life welfare initiatives have achieved spectacular success. Before examining the business performance of Life Insurance Corporation of India, it is inevitable to outline the organizational framework and operational policies of LIC since organizational structure and operational policies help in achieving the objectives of the corporation. In this context an attempt is made to examine the origin of LIC, objectives, organizational structure covering central, zonal, divisional, and branch offices, liberalization of Insurance sector covering Malhotra committee recommendations and the resultant establishment of IRDA and its rules and regulations. Besides this, the liberalization of insurance sector and the resultant competition has also been discussed in this chapter.

Life Insurance in its present form came to India from the United Kingdom with the establishment of a British firm, Oriental Life Insurance Company in Calcutta in 1818 followed by Bombay Life Assurance Company in 1823. The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life insurance business. In 1938, earlier legislation was consolidated and amended by the
Insurance Act 1938, with comprehensive provisions aimed at exercising effective control over the activities of insurers. The main concern was to protect the interests of the insuring public.

The Act was amended in 1950 resulting in far-reaching changes in the insurance sector. By 1956, 154 Indian insurers, 16 foreign insurers and 75 provident societies were carrying on life insurance business in the country. In January 1956, in keeping with the then prevailing political and economical philosophy of socialism, 245 Indian and foreign insurers and provident societies operating in India were taken over by the Central Government by an Act of parliament. The Life Insurance Corporation Act 1956. The LIC, with a capital of Rs 5 crores was set up in September that year.

With the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost. LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, apart from its corporate office in the year 1956. Since life insurance contracts are long term contracts and during the currency of the policy in requires a variety of services need was felt in the later years to expand the operations and place a branch office at each district headquarter. Re-organization of LIC took place and large numbers of new branch offices were opened. As a result of reorganization servicing functions were transferred to the branches, and branches were made accounting units. It worked wonders with the performance of the corporation. It may be seen that from about 200.00 crores of New Business in 1957 the corporation crosses 1000.00 crores only in the year 1969-70, and it took another 10 years of LIC to cross 2000.00 crore mark of new business. But with
reorganization happening in the eighties, by 1985-86 LIC has already crossed 7000.00 crores Sum Assured on new policies.

Today LIC functions with 2048 fully computerized branch offices. 108 divisional offices, 8 zonal offices and the Corporate office. LIC’s Wide Area Network covers 108 divisional offices and connects all the branches through a Metro Area Network. LIC has tied up with some Banks and Service providers to offer on-line premium collection facility in selected cities. LIC’s ECS and ATM premium payment facility in a addition to customer convenience. A part form on-line Kiosks and IVRS, Info Centres have been commissioned at Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. With a vision of providing easy access to its policy holders, LIC has launched its SATELLITE SAMPARK Offices. The satellite offices are smaller, leaner and closer to the customer. The digitalized records of the satellite office will facilitate anywhere servicing and many other conveniences in the future.

It has a network of over 2000 (2048) branches and more than nine lakh agents. Over 55 years, LIC has become a household name for providing security for a lifetime and in synonymous to life insurance in India. LIC ranks No. 1 in the list of total 500 companies on the basis of Net Worth (Rs. 15,47,951 million) as well as Net profit (2,66,277 million) - Dun & Bradstreet (India 500)

Training in LIC of India

Today LIC have a massive in house training infrastructure comprising MDG-I, ZTCs-8, STCs-25, DTCs 101, ATCs 508. Pandit Jawaharlal Nehru on the eve of
The inauguration of the Life Insurance Corporation of India observed, "Its objective is to serve the individuals as well as the state. The profit motive goes out of it and the service motive becomes much more dominant." The mission of the Corporation is to cover the poor and needy under social security net and also to mobilize public savings through insurance for nation building activities such as funding Government projects, Infrastructure development, Housing development etc².

Objectives of Life Insurance Corporation

The corporation was established with the following objectives.

- To spread the message of Life Insurance and to provide life cover to masses at reasonable cost.
- To mobilize public savings through savings linked insurance schemes.
- To invest the funds in a manner to protect the best interests of the policyholders and the nation.
- To act as trustees of the policyholders by conducting the business with great care and also to protect the individuals and group policyholders.
- To innovate and adopt new schemes to meet the changing life insurance needs of people.
- To make the employees and agents to work with courtesy and dedication to achieve the corporate goals.

Since its inception, Life Insurance Corporation of India which spanned the length and breadth of the country has done a commendable job in growing the
Industry. In fact, it has performed remarkably well since 1956 and contributed a lot towards the progress and economic development of the country. It is to be worth mentioned that the Indian Insurance industry has registered relatively better growth rate when compared with Global insurance growth rate for the last few years. The cause may be the onset of competition but the credit mostly goes to LIC due to the fact that more than 10% of the country’s population is the customers of LIC.

Organizational Structure

LIC is a monolithic organization with its head office located in Mumbai. For the purpose of administrative convenience, four-tier structure was set up. The Corporation divided its marketing area into eight zones. The zones are subdivided into 108 divisions, which are further subdivided into 2048 Branches. Further, it has 1004 satellite offices as on 31-3-2010\(^3\). Chart-3.1 shows the structure of LIC.

Chart 3.1 Organization Structure

![Organization Structure Diagram](image)

Source: Annual report of LIC of India, 2010
Organization of the Central Office

The central office being an apex body makes policy decisions and ensures that they are properly implemented. The central office also collects data on various activities of the corporation. The top hierarchical set up of the Life Insurance Corporation of India at the central office is well defined and it consists of the Chairman, Managing Director, and Executive Directors.

Corporation

It is a body of persons at the highest level appointed by Government of India. Eminent persons from the fields of Trade, Industry, Trade Unions and Financial institutions besides the representatives of Government of India (officials) constitute the members of the Corporation subject to a maximum of 6 members, which may be amended at the discretion of the Government. A person appointed as member of the Corporation should have no financial or other interests, which are likely to affect prejudicially the exercise of his functions as a member. The Corporation is empowered to exercise powers under the Life Insurance Corporation of India Act 1956 to secure the development of life insurance business. The functions of the Corporation include steps required to carry on life insurance business, investment decisions to acquire and dispose off properties, lending and borrowing decisions and to carry on any other business profitably in connection with its business. In case of policy decisions, the directions guide the Corporation from the Ministry of Finance, Government of India.
Chairman

The Government of India appoints one of the members of the Corporation as Chairman. The Corporation delegates its powers under the Act to the Chairman who is responsible to implement the policy decisions taken at the Corporation level. He has the power to veto the decisions of the Corporation in its best interests. The Chairman is the Chief Executive, who is responsible to steer the organization to achieve the best possible results.

Managing Director

The Corporation appoints a Managing Director to assist the Chairman. Managing Director is whole time officer of the Corporation who is accountable to the Chairman while discharging his duties. The functions at the central office are classified into 15 groups of which 13 groups come under the control of the Managing Director.

Managing Committee

Managing Committee comprising the Chairman, Managing Director and Executive Directors is constituted to put forth matters seeking policy decisions and to discuss ways and means to implement the policy decisions already taken. It also discusses matters relating to internal management.

Executive Directors

Each of the functions at the central office is directly managed by Executive Directors. Some of the Executive Directors directly report to the Chairman while others report to the Managing director. The Corporation seriously views financial
irregularities and mismanagement of funds. Executive Director (Vigilance) in the Central office monitors all such matters at various levels in the organization. Publicity and public relations is another important function headed by Executive Director (publicity and public relations) who takes care of publicity to create insurance awareness through Films, TV, Radio, Print, Hoardings etc. He also undertakes public relations programs to create good corporate image through interaction with public. Though, the functions of the two Executive Directors headed by Vigilance and publicity & public relations are placed below the Managing Director in the hierarchy, they are independent and directly report to the Chairman. The remaining functions of the Corporation are classified into different groups and an Executive Director heads each. The functional groups are Marketing, Pension and Group schemes, Personnel and industrial Relations, Management services, Actuarial, Secretarial activities, Investments, Corporate Planning, Engineering services, Finance & Accounts, Legal & Housing and property finance, Estate and office services, Internal Audit and inspection.

Policy decisions taken are to be implemented with the help of appropriate guidelines and controls. Each functional group headed by an executive director prepares guidelines and formulates the policy decisions relating to that functional group and communicates the same for implementation. The Executive Directors of the respective functional groups are responsible for the performance of their respective functional groups. The organizational structure of the central office has been presented in Chart-3.2
Chart - 3.2
Structure of the central office

Chairman & M.Ds. Sect.

Chairman

Managing Director

Chief Vigilance Officer

Marketing

Pension & Group

Personnel & I.R.

Management Services

Actuarial

Secretary to board & PGC board

Investment

Corporate Planning

Engineering Services

Finance & Accounts

Legal & HPF

Estates & Office Services

Internal Audit

Public Relation

Inspection

Source: Fact Book of LIC of India
Organization of the zonal offices

Political boundaries of the states are broadly considered while organizing the Corporation. The Corporation has divided its marketing area into 8 zones. Chart-3.3 shows the organizational structure at zonal level. Zonal Manager heads the zonal office. The Zonal Manager directs the divisional officers under his jurisdiction on matters relating to business performance. Zonal Manager reports to the Managing Director on the performance of his zone. Zonal office secretariat acts as a bridge between the Zonal Manager and others below him. The secretariat helps the Zonal Manager by way of providing the required data to evaluate the business performance of divisional offices.

In every zone, a management committee is constituted with Zonal Manager as head and all other Divisional Managers as its members. Critical issues are discussed to decide collectively or refer to central office seeking direction. For efficient coordination with the divisional offices, the functional activities of the Zonal Manager are classified broadly into nine groups and each group is entrusted to a Regional Manager to manage and monitor the same. The groups are Marketing, personnel and industrial Relations, Finance & Accounts, Inspection, Actuarial, Legal, Estates & Office services, Engineering department and Management services. The activities of these different groups are further subdivided and entrusted to Managers for special care. Marketing group is subdivided into activities like - planning and review, sales promotion, publicity, policy servicing and training. Personnel and industrial relations department is subdivided into Management Development, Manpower development, industrial Relations and training for officers, supervisors and senior assistants. Finance & Accounts department is subdivided into activities like - Zonal
office accounts and provident Fund accounts. Estates & Office services are subdivided into activities like – purchase and sales of Estates and also their maintenance while Management services are subdivided into systems development, technological upgradation, operational research, and record maintenance. Mention should be made here that the activities of Engineering department are not further subdivided. The Actuarial department is subdivided into various activities like – underwriting, Actuarial studies and valuation while the Legal department is subdivided into legal and Mortgage activities.

Chart – 3.3

Structure of the Zonal Offices

Source: Fact Book of LIC of India

Marketing
Personnel & I.R.
Finance & Accounts
Inspection Department
Actuarial
Legal
Estates & Office Services
Engineering Department
Management Services

Source: Fact Book of LIC of India
Organization of the Divisional Offices

The Corporation has 108 Divisional offices, which fall under 8 zones sprawling over the length and breadth of the nation. Among the 8 zones, western zone has the highest number of divisional offices (22 offices) while central zone has the lowest number of divisional offices (8 offices). In the remaining zones, northern zone and south central zone have the highest number of offices with 17 offices each followed by north central zone and southern zone with 12 offices each. The remaining zones such as eastern zone and east central zone have 11 and 09 divisional offices respectively. The network of offices in India is presented in table-3.1.

Table 3.1 - Number of Divisional and Branch Offices in India During 2009-10

<table>
<thead>
<tr>
<th>Zones</th>
<th>No of divisional offices</th>
<th>Percent of divisional offices</th>
<th>No of branch offices</th>
<th>Percent of branch offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central zone</td>
<td>08</td>
<td>7.41</td>
<td>140</td>
<td>6.84</td>
</tr>
<tr>
<td>Eastern zone</td>
<td>11</td>
<td>10.18</td>
<td>206</td>
<td>10.06</td>
</tr>
<tr>
<td>East central zone</td>
<td>09</td>
<td>8.33</td>
<td>157</td>
<td>7.67</td>
</tr>
<tr>
<td>Northern zone</td>
<td>17</td>
<td>15.74</td>
<td>320</td>
<td>15.62</td>
</tr>
<tr>
<td>North central zone</td>
<td>12</td>
<td>11.11</td>
<td>247</td>
<td>12.06</td>
</tr>
<tr>
<td>Southern zone</td>
<td>12</td>
<td>11.11</td>
<td>261</td>
<td>12.74</td>
</tr>
<tr>
<td>South central zone</td>
<td>17</td>
<td>15.74</td>
<td>314</td>
<td>15.33</td>
</tr>
<tr>
<td>Western zone</td>
<td>22</td>
<td>20.37</td>
<td>403</td>
<td>19.68</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100</td>
<td>2048</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Compiled from the annual reports of LIC of India
Chart-3.4 shows the organizational structure of LIC at divisional level. In the Divisional office also, a Management Committee is constituted with Divisional Manager as head and functional managers as its members. All important issues are discussed to decide collectively or refer to Zonal office for direction. For effective and efficient co-ordination with the branch offices, the functional activities of the Divisional Manager are classified broadly into 10 groups and each group is entrusted to one functional manager to manage and monitor the same. The groups are Branch support unit, Marketing, Finance & Accounts, Actuarial, Personnel & Industrial relations, Legal & Housing property finance, Office services, Planning & review, Pension & group schemes and Data processing. The activities of these different groups are further segregated and entrusted to managers concerned. Marketing group is subdivided into activities like sales, policy servicing, training for Agents and Development officers. Finance & Accounts department is subdivided into activities like branch accounts, general Accounts, consolidation etc. Actuarial department is subdivided into activities like under writing and valuation. In case of personnel and Industrial relations department, its activities are subdivided into Industrial relations, human resource development and training for supervisory cadre and staff. With regard to Legal & Housing property finance, its activities are subdivided into - follow up of legal matters plus handling property related loans. The office services department is subdivided into activities like office furniture, stationery, printed forms, office equipment etc. The planning & review department is subdivided into activities like – planning, data collection etc. It is to be stated here that the activities of Branch support unit and Data processing department are not further subdivided.

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Chart – 3.4
Organization of the divisional office

Source: Fact book of LIC of India,

The Corporation has 2048 branches, which fall under 108 divisional offices.
Branch Structure

The branch structure is relatively simple as compared to the structure of divisional offices and zonal offices. At branch level also, a Management Committee is constituted with Branch manager as head and functional managers of the branch as its members. The Management Committee discusses all important issues critically and finally takes decisions. If need arises, the committee takes the guidance and help of Divisional office. For the successful operation of the branch, the functional activities of the branch are classified into six groups and each group is entrusted with work to perform effectively and efficiently. The various groups are sales, new business, policy servicing, operations and maintenance department, data processing and accounts. The activities of each group is further subdivided and entrusted to the junior level officer concerned. The sales group activities are subdivided into activities like-sales, management of agents and development officers, commission settlement, mortgage enquiries and training for agents. The new business group looks into activities like-underwriting, issue of policies and other related functions.

The policy-servicing group is further subdivided into sanctioning loans, claims settlement, surrender and revival of policies etc. The operations and maintenance department looks into activities like-furniture & stationery leave records, salary etc. The activities of the data processing department is further subdivided into computer operations and support while the activities of the accounts department is further subdivided into cash receipts & payments, banking, general accounts and preparation of trial balance. A critical review of the functions at different levels reveals that except the magnitude of operations, the functions more or less remain the same. Chart-3.5 presents the organizational structure at branch level.
It is observed from the above that the number of divisional offices and branch offices in the Central zone are relatively low. For instance, the Central zone has 8 divisional offices and 140 branch offices. These 140 branches are not adequate to serve the huge population of the states that fall under Central zone. So, the LICs to establish more branches in the Central zone. This certainly helps the LIC to penetrate into the market.

**Human Resources**

Employees are the backbone to an organization. Employee's efforts turn corporate goals into realities. Employees with right skills for right jobs are real assets to an organization. Keeping these facts in mind, the employees of the corporation
are broadly divided into the classes such as officers and employees. The total number of employees including officers and employees between 2000-01 and 2009-10 is presented in table-3.2. The table shows that the total number of employees has declined continuously from 124,385 in 1998-99 to 113,184 in 2005-06. After that the total number of employees has increased continuously year after year and stood at 115,966 in 2009-10. A critical analysis of the table reveals that of the total employee force of 120,158 in 2000-01 officers account for 29.52% while employees account for 70.48 percent. Almost all the same trend has been observed throughout the study period. However, there has been a gradual increase in the number of officers while there has been a gradual decline in the number of employees. For instance, officers who stood at 29.52% in 2000-01 increased to 42.37% in 2009-10 while employees who stood at 70.48% in 2000-01 declined to 57.63% in 2009-10. This reveals that employees are far more than that of the officers in the LIG.
Table 3.2 - Human Resources of LIC

<table>
<thead>
<tr>
<th>Year</th>
<th>Officers</th>
<th>Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>35,470</td>
<td>84,688</td>
<td>120,158</td>
</tr>
<tr>
<td></td>
<td>(29.52%)</td>
<td>(70.48%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2001-02</td>
<td>35,981</td>
<td>82,514</td>
<td>118,495</td>
</tr>
<tr>
<td></td>
<td>(30.36%)</td>
<td>(69.64%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2002-03</td>
<td>37,021</td>
<td>80,117</td>
<td>117,138</td>
</tr>
<tr>
<td></td>
<td>(31.60%)</td>
<td>(68.40%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2003-04</td>
<td>37,690</td>
<td>78,025</td>
<td>115,715</td>
</tr>
<tr>
<td></td>
<td>(32.57%)</td>
<td>(67.43%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2004-05</td>
<td>38,390</td>
<td>76,198</td>
<td>114,588</td>
</tr>
<tr>
<td></td>
<td>(33.50%)</td>
<td>(66.50%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2005-06</td>
<td>38,822</td>
<td>74,362</td>
<td>113,184</td>
</tr>
<tr>
<td></td>
<td>(34.30%)</td>
<td>(65.70%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2006-07</td>
<td>41,610</td>
<td>72,100</td>
<td>113,710</td>
</tr>
<tr>
<td></td>
<td>(36.59%)</td>
<td>(63.41%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2007-08</td>
<td>44,308</td>
<td>69,737</td>
<td>114,045</td>
</tr>
<tr>
<td></td>
<td>(38.85%)</td>
<td>(61.15%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2008-09</td>
<td>48,359</td>
<td>66,557</td>
<td>114,916</td>
</tr>
<tr>
<td></td>
<td>(42.08%)</td>
<td>(57.92%)</td>
<td>(100%)</td>
</tr>
<tr>
<td>2009-10</td>
<td>49,134</td>
<td>66,832</td>
<td>115,966</td>
</tr>
<tr>
<td></td>
<td>(42.37%)</td>
<td>(57.63%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

Source: Compiled from the annual reports of LIC of India
It is found from the above data that the human resources of LIC have declined from 124,385 in 1998-99 to 114,045 in 2007-08. However, there is a marginal increase in the growth of human resources in 2008-09 and 2009-10. Further, it is noticed that there is a gradual increase in the number of officers while there is a decline in the number of employees. In this regard, it is suggested to the corporation to maintain a balance between officers and employees in terms of employment. Further, it is suggested to the corporation not to downsize manpower as public sector undertakings including LIC has to generate employment opportunities instead of downsizing manpower.

Agents of LIC

Agents are the lifeline of insurance business and the strength of a life insurance company can be judged by the quality and competence of its agency force. In view of the importance of agents, the LIC has appointed lakhs of agents and the number of agents has increased year after year. In this regard, the agency force of the LIC for the period from 2000-01 to 2009-10 has been presented in table-3.3. The table shows that the number of agents has increased continuously from 743,064 in 2000-01 to 1098,910 in 2003-04. In the succeeding year, the number of agents has declined marginally to 1041,737. From 2004-05 onwards, the number of agents has increased year after year and stood at 1402807 in 2009-10. The percent of change in agents between 2000-01 and 2009-10 fluctuated between a low of (-) 5.20% in 2004-05 and a high of 21.80% in 2003-04.
Table 3.3 - Agents of LIC

<table>
<thead>
<tr>
<th>Year</th>
<th>Agents</th>
<th>Percent of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>743,064</td>
<td>--</td>
</tr>
<tr>
<td>2001-02</td>
<td>744,003</td>
<td>0.13</td>
</tr>
<tr>
<td>2002-03</td>
<td>902,199</td>
<td>21.26</td>
</tr>
<tr>
<td>2003-04</td>
<td>1,098,910</td>
<td>21.80</td>
</tr>
<tr>
<td>2004-05</td>
<td>10,41737</td>
<td>(-) 5.20</td>
</tr>
<tr>
<td>2005-06</td>
<td>10,52283</td>
<td>1.01</td>
</tr>
<tr>
<td>2006-07</td>
<td>11,03047</td>
<td>4.82</td>
</tr>
<tr>
<td>2007-08</td>
<td>11,93744</td>
<td>8.22</td>
</tr>
<tr>
<td>2008-09</td>
<td>13,44856</td>
<td>12.66</td>
</tr>
<tr>
<td>2009-10</td>
<td>14,02807</td>
<td>4.31</td>
</tr>
</tbody>
</table>

Source: Annual reports of LIC of India.

Agents are the life line of LIC. The LIC has a huge agency force of 140807 in 2009-10. If all the agents work heart and soul, the business of LIC would increase phenomenally. In this regard, it is suggested to the corporation to appoint qualitative agents who could give good business to the corporation.

Information Technology

The life Insurance industry throughout the world by its very nature depends on technology and information system to achieve the business goals of lower operating costs, speed and quality in customer service, improved products and efficient
support to sales and field organization. LIC, in many ways has been a pioneer in introducing technology support for data processing and customer servicing in the country. With the adoption of the citizens charter, LIC has committed it self to upgrade technology support and provide time bound improvements in service standards to the insured public. Front end computerization in all its branch offices and progressive installation of Metro Area Net work (MAN) and Inter Active Voice Response System (IVRS) in major cities are examples of harnessing technology to serve its customers in a better way. The corporation has also developed a system called Intranet through which it integrates the activities and efforts of employees. In this context a brief discussion is made about intranet here below.

New Channels for Premium Payment

It has been the endeavor of the corporation to bring more and more services to the doorsteps of its customers. As a part of these initiatives, the corporation added more channels during 2009-10 to facilitate payment of renewal premium by its customers. A major addition was the premium point where policyholders could pay premium on a 24 x 7 basis and get a final receipt from the offices of Empowered LIC agents across the country. Nearly 12,000 empowered agents and 700 senior business associates collected premium from the policyholders by the end of March 2010. It also introduced SMS based enquiry services with the help of which its customers can get information on the date of the next installment premium.

Corporate, Active Data Warehouse

The LIC's Corporate Active Data Warehouse (CADW) is one of the largest life insurance customer databases in the world with records of more than 400 million
policies being stored in it. The warehouse has enabled LIC to launch many customer focused campaigns like the customer contact programs and gold customer campaigns all over the country in 2009-10. Another major achievement has been to send a single notice for premium following due in the same month for various policies of an individual customer. The project was also successfully used for generating marketing leads and running a host of targeted marketing campaigns.

**Enterprise Document Management System (EDMS)**

The LIC has implemented Enterprise Document Management System (EDMS) in its offices to digitize the customer records and also to offer 'Anytime, Anywhere' service to its customers. It is to be noted that after all the policy records are scanned, it will be possible to offer various services like loan disbursement and claims payment from any branch in the country irrespective of the branch where the policy is serviced. As on 31-3-2010, 244 million policyholder records (policy dockets) have been digitized (with an average of 16 documents in each docket) and enabled for online access from any office. It has helped the company to improve the quality of customer service quite substantially. Besides the above, the use of the workflow automation feature has helped greatly to speed up inter office communication and decision making processes. Further, the corporation made use of the electronic archival feature of EDMS to do away with office copies and thereby it reduced the usage of paper to a large extent.

**Network Achievement During 2009-10**

The LIC during 2009-10 installed network hardware and commissioned in approximately 3000 branch offices. The leased lines connecting branches to divisional
offices are being upgraded to 2 Mbps and this in turn ensures fast data transfer between the connected offices. Further, ISDN connectivity has introduced as back up link for branch offices.

Network implementation and support plan which contains all the details like physical connectivity of routers/servers and so on for uniformity and ease in troubleshooting was formulated. Online leased link requisition module was developed for better management of the leased link portfolio in the centralized billing with BSNL. At present, there are more than 3000 links, which are being managed at company level.

Customer Service

The Corporation through its vast network of 2048 branches in the rural as well as urban centers throughout the country renders all the necessary service to the policyholders. Further, 1004 satellite offices also provide the necessary service to policyholders. The Corporation set newer records in its pursuit to serve customers better and faster.

There are complaint cells at the branch and divisional offices and complaint sections at zonal offices and the central office for attending to complaints from policyholders Complaints are generally disposed off within a month. As a part of its efforts to improve the services and enhance customer satisfaction, the Corporation formulated the citizen's charter during 1997-98. In keeping with the commitments given in the charter, steps were taken to ensure better service to customers.
Settlement of Claims

The settlement of claims is a very important aspect of service to the policyholders. Hence, the Corporation has laid great emphasis on expeditious settlement of the maturity as well as Death claims. Only in case of suppression of material information, a claim is repudiated. However the number of claims repudiated is very small. Even in these cases, an opportunity is given to the claimant to make a representation for consideration by claims Review committees at the zonal offices and the central office. During the year 2009-10, the Corporation settled 206.88 lakh claims for Rs 46,727.20 crore and 8.79 lakh death claims for Rs 6,808.62 crores.

International operations

The Corporation in its pursuit of the corporate strategy to expand its international operations is spreading its wings to various countries. The LIC has its subsidiaries in countries like Bahrain, Nepal and Sri Lanka. The Corporation has plans to make its presence felt in the global insurance scenario.

LIC (International) Bahrain

The overseas subsidiary of the Corporation, which was established in 1989 in Bahrain caters to the life insurance needs of non resident Indian’s and also the local population in the Gulf by issuing policies in US Dollars. The company operates in all the six GCC countries of Bahrain, Saudi Arabia, Kuwait and United Arab Emirates through chief Agents and in Qatar through a broker arrangement. In case of Oman country, it operates its business through its branch office. The company has also been assisting non-resident Indians in obtaining loans for the purchase of
houses/Flats in India through LIC housing Finance Ltd. Further, it has been providing technical assistance and reinsurance facilities to the company.

**LIC (Nepal) Limited**

LIC (Nepal) Ltd is a joint venture company between LIC of India and the Vishal group, a leading industrial group of Nepal was inaugurated on 3rd December 2001. The new company started its operations with great élan and has made significant headway in the life insurance market of the Kingdom of Nepal. The company’s first public issue was oversubscribed by more than 16 times which is a testimony to the efficient way the operations have commenced as also the brand image of LIC in the Kingdom. The company for the year ended 31-12-2009 made a first premium income of Rs. 20.63 crore.

**LIC (Lanka) Ltd**

LIC (Lanka) Ltd is a joint venture company between LIC of India and M/s Bartleet group of companies was inaugurated on 1st March, 2003 in Colombo, Sri Lanka. With the launch of the company, the Corporation has made re-entry into Sri Lanka Life insurance market after the opening up of Insurance sector to foreign companies in Sri Lanka. The company for the year ended December 2009 has marketed 52,891 policies for a premium income of SLR 6.97 crore.

The LIC is set to become one of India’s largest multi national commercial entities. It has decided to spread its wings into tough overseas markets spanning several continents. The new target markets where the Indian life insurance giant has drawn up plans to penetrate include the U.S., Canada, the European union, west Asia and several countries in North Africa. The target markets in Africa are countries...
such as Egypt, Algeria and Morocco. It also plans to enter into countries like England, Australia and New Zealand.

**Life Insurance Corporation of India - Social Responsibility**

LIC offers life insurance protection under group policies to various groups such as employer employee, co-operatives, weaker sections of society etc. and insurance coverage to people below poverty line at subsidized rates under social security group schemes like Social Security Group Scheme, Janashree Bima Yojana, Shiksha Sahayog Yojana, Aam Aadmi Bima Yojana, IRDP for Swarna Jayanthi Gram Swarojgar Yojana (SGSY)

**Social Security Group Scheme** : The Scheme was introduced in 1988 after the setting up of the social security fund. Initially, the cover was up to Rs.3000/-, which was increased to Rs. 5000/- form 01.12.1992 in case of the Bedi workers, the cover was increased to Rs. 10000/- with effect from 01.04.2002. From 16.10.1995, accidental death / disability under this scheme 50% of the premium is being subsidised from the social security fund. The premium for accident and disability benefits is charges to the social security fund.

**Janashree Bima Yojana**

This scheme was launched on 10.8.2000. The object of this scheme is to provide life insurance protection to the rural and urban poor persons living below poverty line and marginally above poverty line. Persons, normally the head of the family, between age 18 and 59 years who follow any of the specified 45 vocations / occupations can be covered under Janashree Bima Yojana. The benefits under the scheme include natural death cover of Rs.30,000/-, accidental death cover /
permanent disability benefit (due to accident) of Rs.75,000/- and partial permanent disability (due to accident) of Rs.37,500/-.

**Shiksha Sahayog Yojana**

This scheme was launched on 31.12.2001 for the benefit of children of members of Janashree Bima Yojana. A free add-on scholarship benefit is available for the children of the members who are covered under Janashree Bima Yojana. Scholarship of Rs.600/- per half-year (payable on 1st January and 1st July every year) is given to students studying in Classes IX to XII (including ITI courses). Scholarship is restricted to two children per family.

**Aam Admi Bima Yojana**

This is a new Social Security Scheme for rural landless household was launched on 2nd October, 2007 at the hands of the then Hon'ble Finance Minister at Shimla. The head of the family or one earning member in the family of rural landless household is covered under the scheme. The premium of Rs.200/- per person per annum would be shared equally by the Central Government and the State Government. The benefits under the scheme include natural death cover of Rs.30,000/- accidental death cover / permanent disability benefit (due to accident) of Rs.75,000/- and partial permanent disability (due to accident) of Rs.37,500/-.

Under this Scheme, a free add-on scholarship benefit is available for the children of the members who are covered under Aam Admi Bima Yojana. Scholarship of Rs.600/- per half-year (payable on 1st January and 1st July every year) is given to students studying in Classes IX to XII (including ITI courses). Scholarship is restricted to two children per family.
IRDP / Swarna Jayanthi Gram Swarozgar Yojana (SGSY)

Under this scheme, insurance cover is granted to borrowers Rs. 6000/- is paid in case of natural death or Rs. 12000/- is paid in case of death due to accident.

Jeevan Madhur

LIC has a micro-insurance cum savings plan with profits wherein Premiums can be paid in weekly, fortnightly, monthly, quarterly, half-yearly or yearly intervals. The sum assured varies from Rs. 5000/- to Rs. 30,000/-. 

Golden Jubilee Foundation

Under ‘Corporate Social Responsibility’, and to commemorate the Golden Jubilee of LIC in the year 2006, ‘LIC Golden Jubilee Foundation’ Trust was formed with the objective of promoting education, health, relief of poverty or distress and advancement of other objects of general public utility. As on 31 March 2010 LIC has provided a corpus of Rs. 80 crore to this Foundation and the interest earned is utilized for funding various projects for charitable purposes. As on date, LIC Golden Jubilee Foundation has supported 112 projects to the extent of ‘Rs 10.22 crore.

Under this Trust a scholarship scheme is also formulated by name LIC Golden Jubilee Scholarship Scheme of the Trust to give scholarships at the rate of ‘Rs. 10,000/- per annum to meritorious students belonging to economically weaker sections of society to enable them to pursue higher education at graduation level. Scholarships were given to 802 and 881 students during the years 2008-09 and 2009-10 respectively.
REFERENCES


5. Ibid


7. www.LIC.com

8. Fact Book of LIC of India


11. www.LIC.com

12. Ibid